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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 7, 2000

APPLICATION OF

THE POTOMAC EDISON COMPANY
D/B/A ALLEGHENY POWER

To close open fuel factor cases

CASE NOS. PUE890074
PUE910064
PUE920073
PUE940003
PUE950004
PUE960001
PUE980049
PUE990005
PUE000004

ORDER GIVING NOTICE AND PROVIDING
AN OPPORTUNITY FOR COMMENT

On August 21, 2000, The Potomac Edison Company, d/b/a Allegheny Power ("AP" or "Company"), filed a motion to close certain fuel factor cases related to AP currently pending on the Commission's docket. The pending cases are: Case Nos. PUE890074, PUE910064, PUE920073, PUE940003, PUE950004, PUE960001, PUE980049, PUE990005, and PUE000004. In support of its motion, the Company states as follows:

(1) In a Memorandum of Understanding ("MOU") filed as part of Phase I of its Functional Separation Plan in Case No. PUE000280, AP agreed to roll its fuel factor into base rates at a defined level and to thereafter terminate its Virginia fuel factor mechanism. According to AP, under the terms of the MOU, deferred accounting for items included in the fuel factor would cease upon Commission approval of the appropriate tariff

changes. In addition, it was agreed that any deferred over or under recovery of fuel costs would be written off the Company's books with no refunding or charging to AP's customers.

(2) The Commission approved the elimination of the Company's fuel factor in its July 26, 2000, Order in Case No. PUE000280. The Company filed tariffs eliminating the fuel factor that were accepted and became effective for service on and after August 7, 2000.

(3) There are currently pending on the Commission's docket eight fuel factor cases relating to AP awaiting a final audit of fuel cost information. These cases are PUE890074, PUE910064, PUE920073, PUE940003, PUE950004, PUE960001, PUE980049, and PUE990005. The Company's present fuel factor case, PUE000004, was suspended pending the Commission's consideration of the fuel roll-in feature contained in the MOU as part of Phase I of the Company's Functional Separation Plan in Case No. PUE000280.

(4) According to AP, with the inclusion of fuel costs in base rates, the elimination of the fuel factor and the write-off of any deferred over or under recovery of fuel costs, fuel cost recovery issues have now been settled for AP in Virginia. Therefore, the Company believes that there is no need to continue the pending AP fuel factor cases that were part of the Company's historic fuel recovery process in Virginia.

Having considered the motion, the Commission finds that the parties to each of the above-captioned cases should have the opportunity to comment on AP's request to close the pending fuel factor cases.

Accordingly, IT IS ORDERED THAT any party wishing to comment on AP's motion to close its pending fuel factor cases may do so by directing such comments to the Clerk of the Commission on or before September 28, 2000.